down in the Drug Policy 1986 which are required to be complied by all units in the organised sector which propose to manufacture formulations. The first one seeks to encourage indigenous bulk drug production by fixing a ratio between the levels of bulk drug and formulation production of a unit in terms of its total turnover. The second parameter discourages the dependence on imported bulk drugs by requiring that the value of the imported bulk drugs consumed should not exceed 50 per cent of the value of the indigenous bulk drugs consumed. For ensuring that production is taken up from the basic stage, the stage of manufacture is prescribed as a condition in all Industrial approvals. After the New Industrial Policy was announced in 1991, the drug sector has been placed under compulsory licensing to meet these requirements of the Drug Policy.

(c) and (d) Since 1987 both production and exports have increased and this sector has become a net exporter since 1989-90, indicating the increased indigenous production of bulk drug and intermediates.

**Recommendations of the PAC on Custom duty concessions to drug industry**

1985. SHRI H. HANUMAN THAPPA:

SHRI RAJNI RANJAN SAHU:

SHRIMATI SATYA BAHIN:

Will the PRIME MINISTER be pleased to refer to the answer to Unstarred Question 1617 given in Rajya Sabha on the 3rd December, 1992 and state:

(a) what are the recommendations of the Public Accounts Committee on close monitoring of customs duty concessions, their effect and impact and when these recommendations were made to Government;

(b) what is the impact of duty concessions given to the drug industry and what is the percentage of total availability of drugs;

(c) whether Government have taken any steps to set up a monitoring cell headed by professional experts to analyse cost benefit analysis;

(d) if so, the details thereof;

(e) what steps have been taken to implement the recommendation of Public Accounts Committee; and

(f) what is the result of monitoring of non-scheduled Drug prices and what was the price of major formulations based on each drug before duty reduction and present price?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILISERS (SHRI EDUARDO FALEIRO): (a) and (e) The information is being collected and will be laid on the Table of the House.

(b), (c), (d) and (f) Rationalisation of custom duty on drug/raw materials intermediates required for the manufacture of bulk drugs is an ongoing exercise and is examined with the help of technical expertise available in the Ministry. No separate cell has been set up to monitor the cost benefit analysis. The purpose of giving custom duty concessions on intermediates and bulk drugs is to encourage the manufacture of bulk drugs and formulations from more basic stages and also to ensure availability of medicines in abundant quantity at reasonable prices to the consumers. The various concessions in custom duty announced by the Ministry of Finance are notified in the Official Gazette from time to time which is available in the Parliament House Library. The number of drug companies in the Organised Sector is about 250 and in the small scale sector about 8000. The number of non-scheduled drugs is very large and formulations based thereon are sold in large variety of pack size and the number would run into several thousands. The exercise of working out the impact of duty concessions, the percentage of total availability of drugs, prices of formulations before duty reduction and present prices is

too voluminous and the time and the labour involved in the collection and compilations of the data will not be commensurate with the results likely to be achieved.

**Higher Prices of Cifran, Evion, Deonil, etc.**

1986. SHRI RAJNI RANJAN SAHU:

SHRI H. HANUMANTHAPPA:

Will the PRIME MINISTER be leased to state:

(a) whether it is a fact that price of Cifran, Clampose, Evion, Ostocalcium, Deonil, Trehxyl etc. are substantially higer than the normal prices;

(b) what is the break up of material cost of each and what is the MAPE taken in each as per form 2-A of price control order and what is the price of other brands of each;

(c) the basis on which Cefotaxim, Ceftazdime. Glybenclamide, Cefadroxil and several other drugs accounting for a turn over of more than Rs. 50 lakhs are outside price control;

(d) what was their production, imports and import prices during the last three years, year-wise and company wise; and

(e) what are the prices of their formulations of the leading formulator and what mark up they are having as per the break up submitted and what was the price of each before DPCO, 1987?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) and (b) To the extent information is available, the required details are given in the Annexure. [*See* Appendix CLXVI, Annexure No. 35] Except Ustocalcium, all other formulations mentioned fall outside the price controlled category. Price of Ustocalcium is fixed/revised from time to time in accordance with the provisions of DPCC 1987.

(c) The issues of inclusion/exclusion of drugs in price control is one of the points covered in the presen exercise of review of Drug Policy 1986, the Background Note of which has already been placed on the Tabl of both the Houses of Parliament o 12.8.92 for discussion.

(d) Production of these drugs, except Glybenclamide, is not monitored To the extent available, import dat is given in the Annexure [*See* Appendix CLXVI, Annexure No 36] Production of Glybenclamide ha been 2800 kg, 3070kg and 4030kg, during 1989-90, 1990-91 and 1991-92 respectively.

(e) To the extent available, information is given in the Annexure [*See* Appendix CLXVI, Annexure No 37]

**Cost of production of bulk drugs**

1987. SHRI RAJNI RANJAN SAHU SHRIMATI SATYA BAHIN:

Will the PRIME MINISTER be pleased to refer to the answer to Unstarred Question No. 512 given in Rajya Sabha on 26.11.92 and state:

(a) what is actual cost of production of bulk drugs which form the basis of price estimates by the BICP worked out without taking into consideration the inventory stocks;

(b) what justification was there with Government to increase the prices of drugs without seeing low priced stocks of intermediates consequent to devaluation of rupee;

(c) whether it is a fact that even fresh import of these intermediate